



Legislative Research Council

Retirement Laws Committee Minutes

Joint Meeting with SDRS Board of Trustees

**First Meeting
2015 Interim
September 2, 2015**

**SD Investment Office
4009 West 49th Street, Suite 300
Sioux Falls, South Dakota**

The first meeting of the Retirement Laws Committee was called to order by Senator Bruce Rampelberg at 9:30 a.m. (CDT), on Wednesday, September 2, 2015, at the SD Investment Office, 4009 West 49th Street, Suite 300, in Sioux Falls, South Dakota.

A quorum was determined with the following members present: Senator Bruce Rampelberg (Chair); Representative Jim Bolin (Vice Chair); Senators Bernie Hunhoff and Larry Tidemann; and Representatives Patrick Kirschman and Tim Rounds. Members excused: Senators Phil Jensen and Jim Peterson; and Representatives Steven McCleerey and Lee Schoenbeck. Staff member present was Aaron Olson, Principal Fiscal Analyst.

All material distributed at the meeting is attached to the original minutes on file in the Legislative Research Council (LRC). The committee documents are available at the LRC website at <http://legis.sd.gov> under "Interim – Agendas, Minutes and Committee Documents." For the purpose of continuity, these minutes are not necessarily in chronological order.

Update of SDRS FY2015 Financial Status

SDRS Membership & Experience Report

The committee was provided an update of the South Dakota Retirement System (SDRS) FY 2015 financial status from SDRS and South Dakota Investment Council staff. A Membership and Experience Report handout for fiscal years 2014 and 2015 was provided to the committee (**Document 1**). **Mr. Rob Wylie**, SDRS Executive Director/Administrator, reported that the retirement system is sound, in balance, and is meeting its funding goals.

Annual Investment Performance Report

Ms. Tammy Otten, Assistant Investment Officer, briefed the committee on the overall market environment in FY 2015 including rate of return comparisons against the capital market benchmarks (**Document 2**).

SDRS Projected Funded Status

Mr. Doug Fiddler, SDRS Senior Actuary, presented information on the SDRS Projected Fund Status as June 30, 2015 (**Document 3**). Mr. Fiddler reported that based on a 4.0% net investment return for FY 2015, the fair market value funded ratio would be 104%.

Executive Director/Administrator Compensation

The committee discussed whether to approve the SDRS Board's recommendation of approving the same 2 percent pay increase for Executive Director/Administrator as the Governor had recommended for all state employees. In addition, the SDRS Board recommended an additional 2 percent pay increase towards the market value rate, to be approved by the Retirement Laws Committee (**Document 4**).

It was moved by Representative Rounds, seconded by Senator Tidemann, to approve the SDRS Board's recommendation for the Executive Director/Administrator compensation. The motion failed on a roll call vote with 5 ayes, 1 nay, and 4 excused. Members voting aye were Bolin, Kirschman, Rampelberg, Rounds, and Tidemann. Member voting nay: Hunhoff. Members excused: Jensen, McCleerey, Peterson, and Schoenbeck.

Tying it all Together – A Plan Design for New Members

Mr. Fiddler and **Mr. Paul Schrader**, Buck Consultants, gave a presentation entitled "Tying it all Together: A plan Design for New Members" (**Document 5**). The new member plan design was discussed in detail including the new benefit provisions, elimination of subsidies in the current plan, and vesting requirements.

Potential 2016 Legislation

Mr. Wylie and **Ms. Jacque Storm**, SDRS General Counsel, briefed the committee on the proposed 2016 Legislation that may be introduced next legislative session (**Document 6**).

Review of Return to Work Provisions

Mr. Fiddler and **Mr. Schrader** updated the committee on results from the 2010 changes to the return to work provisions (**Document 7**). Based on their analysis, the return to work changes implemented are working, and therefore are not recommending any additional changes.

Supplemental Retirement Plan/Special Pay Plan

Due to time constraints this agenda item was not discussed.

Adjournment

Representative Rounds moved, seconded by Representative Bolin, that the joint meeting with the SDRS Board of Trustees be adjourned. The motion prevailed on a voice vote.

The Chair adjourned the joint meeting with the SDRS Board of Trustees at 3:35 p.m.

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